

Value for Money Business Plan

2010-2011



A Plan for delivering Value for Money across Plymouth City Council

Plymouth City Council

March 2010





To find out more about the procurement at Plymouth, please visit us at:

www.plymouth.gov.uk/strategicprocurementunit.htm

Jane Keeley
Strategic Procurement Manager

Our Shared Vision

For Plymouth Council to engage in Socially Responsible Procurement, assessing whole life costs and the social, environmental and economic impact of procurement decisions.

Purpose and Scope

The Strategic Procurement Unit (SPU) act as a focal point for procurement expertise within the Council and for suppliers wishing to do business with the Council. The SPU is primarily responsible for ensuring the delivery of the Council's Value for Money Strategy, provide guidance and assistance for others to carry out Procurement tasks. Procurement in the Council is currently managed in a devolved manner, with some central co-ordination of corporate supply contracts. The SPU provides a corporate focus for strategy, policy and procedures, but the majority of activity will continue to be conducted at departmental level.

The SPU will co-operate (primarily through the Devon Procurement Partnership) with other public sector organisations, where possible, to jointly procure goods, works and services.

The SPU currently has a budget of £3.67m gross per annum. Print and Document Services (PADS) charges £2.02m per annum to other services.

At the current time the council has in operation 404 contracts which are published on the web site. The SPU does not manage these but facilitates the acquisition of the services. The major corporate contracts that are managed by the SPU are: -

- Energy
- Stationery
- PPE & Workwear
- Office Furniture

The above have a contract value of approximately £5,820,000 per annum.

Other major activities to be delivered by the Corporate team during 10/11 are:

- P2P Strategy
 - Vendor Management
 - Buyer Roll Out
 - Contract Standing Order Review

The P2P strategy has further workstreams however these are priority activities for other areas of VFM supported by the Corporate team

- Purchase Card CIVICA Integration
- Systems Re-alignment
- Invoice Centralisation

- Contract Management Training
- Service Re-engineering – Garage
- Agency Staff Tender
- SME/Economic sustainability

Services are based at the Civic Centre and Windsor House, with the Civic Center team being responsible for Procurement.

Where are we now?

Conclusion of the 08/09 Business Plan can be found in Appendix 4.

Where Do We Want To Be?

In December 2007 the Sustainable Procurement Strategy 2007-2010 was published this document superseded the Corporate Procurement Strategy 2004/2007 which addressed a number of strategic areas of procurement. The Sustainable Procurement Strategy enables the Council to obtain best value in all its procurement activities within a framework that supports the principles and priorities of sustainable development.

The key aim of the Sustainable Procurement Strategy is to support the procurement of goods, services and works that meet our obligations to stakeholders and customers whilst balancing our environmental, social and economic objectives and our commitment to sustainable development.

The Strategy addressed;

- all elements of procurement activity, from identifying need, challenging that need, considering options, procuring the appropriate goods, services or works, effective supplier and contract management, through to the disposal of assets.
- a 'whole life' approach ensuring minimum impact and maximum cost effectiveness wherever possible. It also embraces emerging initiatives including the need for the Council to consider its carbon footprint
- the many solutions available to the Council, from establishing corporate contracts, using collaborative and consortia arrangements, through to developing long-term strategic partnerships.

The Strategy provided a clear focus on balancing two priorities:

- identifying and delivering efficiencies, but not at the cost of quality
and
- developing and embracing socially responsible and sustainable procurement.

Moving forward it is the intention to link into the Corporate Sustainability Strategy to ensure that we provide a consistent approach to implementing sustainable practices.

It is also the intention of Strategic Procurement to be responsible for ensuring the delivery of the P2P (Procure 2 Pay) Strategy in accordance with Value for Money & Efficiencies requirement to deliver efficiencies across the organisation.

Links to Corporate Improvement Priorities

As a support service the service contributes in some way to all of the Council's Corporate Improvement Priorities, as set out below:

CIP1	Improving customer service	Improving community involvement and engagement	CIP2
CIP3	Supporting independent living	Narrowing the gap between communities	CIP4
CIP5	New, affordable and decent housing	Widening cultural and leisure opportunities	CIP6
CIP7	Safeguarding children	Raising attainment	CIP8
CIP9	Developing high quality premises for learning	Waste minimisation and disposal	CIP10
CIP11	Improving accessibility	Accelerating sustainable economic and housing growth	CIP12
CIP13	Change management and staff development	Value for money (VFM) and effective long-term budget/asset management	CIP14

In order to contribute effectively and efficiently to these Corporate Improvement priorities (and others as priorities evolve), we need to develop the following areas to create a high quality and forward looking Service.

Of the above the service will particularly support the delivery of:

Value for money (VFM) and effective long-term budget/asset management	Corporate Team
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Key Challenges and Risks

We are currently working on producing a comprehensive operational risk assessment, but headline risks include:

- Capacity / ability to recruit and retain staff with key skills
- Ability to respond / support corporate improvements within limited resources
- Ensuring that the council's VFM score is improved (which requires cross-cutting support from the whole Council).
- Strengthening Governance across the Council
- Improving Value for Money across the council as a whole
- Improving Customer satisfaction and becoming more customer focussed
- Risk of changing corporate priorities and new projects (volume and range)
- The increasing costs of materials and services to the Council e.g. energy

How do we get there?

Action Planning

The Priorities outlined above are contained in a more detailed action plan which shows:

- The specific actions coming out of the P2P Strategy which will support delivery of CIP14
- Measures to be developed and monitored to demonstrate when we have delivered improvement
- The timeframe for improvement
- The Management Team member responsible for ensuring the actions are delivered

Monitoring Arrangements

The Management Team member responsible for ensuring the actions are delivered has a key role. This is set out below:

- To act as sponsor, facilitator and enabler
- To identify and mitigate risks and manage issues
- At any point in the year, to be able to brief senior management of status and current progress
- To report progress and issues to Management Team and staff at staff briefings
- Deliver actions through team or action planning
- To identify, baseline, maintain and report on meaningful measures of improvement

The overall action plan will be reviewed at Management Team on a regular basis

Appendix 1 - The action plan for the delivery of the procurement strategy

Appendix 2 - The major projects the service will be involved in

Appendix 3 – The Structure of the Department

Appendix 4 – Summary of Key Projects from Previous Business Plan.

Team or Action plans will be developed, which will link to individual objectives within staff appraisals.

Communication of Achievements

- To staff – Business Plan and monitoring will be communicated to all SPU staff through team briefings. All staff will be able to access copies on the internal IT network.
- Internal Customers – DMTs are consulted on the Business Plan and key monitoring issues will be reported to them as relevant.
- External Customers – by CPA/ CAA assessment, External Audit reports and Customer feedback

How do we know we are getting there?

As part of this year's action planning the leading Management Team member will be responsible for establishing the baseline position and, following discussion SPU Management Team will be setting targets for the measure identified. Targets for year on year improvement will be set to cover the period 2010/11 to 2011/12.

Appendix 1 – Draft Targets for 2010 - 2011

The Council will:	What do we want to achieve?	How are we going to do this?	Where are we now?
Sustainable Procurement Actions			
By June 2011	Implementation of the flexible framework	Benchmark Procurement practice against the flexible framework's 5 key themes	
By June 2010	Implementation of the flexible framework	Produce an action plan to move procurement to the Practice level by the end of 2010	
By Sept 2010	Improve the sustainability of Procurement activities	Provide specific guidance on sustainability issues and counting the carbon cost in a procurement guidance document	This is currently with Legal Department for Signature however it is acknowledged that this will require further review due to the changes within the organisation
Phased approach by Dec 2010	Improve the sustainability of Procurement activities	The Council will be working regionally and nationally to develop models of socially responsible procurement, and to engage with companies, agencies and the third sector to test these models.	
Economic Actions			
Ongoing	Support local businesses	Providing information about future procurement activity, and advertising tenders on Devon Tenders website – Review local knowledge of this activity with the Chamber of Commerce and the Local Supply Action Group	Although this action is complete it is important to ensure that it is still highlighted within the service plan.

Economic Actions continued			
By March 2010	Increasing the usage of the local business to business portal for all quotations under £5000	Encourage the development and utilisation of any Business to business portal, – provide guidance document to Council employees on how and when to use this portal	
First event complete then annually	Increasing the level of opportunity for business for local suppliers	Run Service specific “Meet the Buyer” events – run this event Annually	
Social Actions			
By Sep 2010	Compliance with the six strands of equality, legislation and our corporate equality plan	Contract monitoring guidance created to cover six strands - Guidance in place	
Ongoing	Partnership working to support SME's to facilitate inclusion in procurement process	Make How to do Business guidance document available in alternative formats – Guidance document updated	Complete however annual review required

Social Actions continued			
By March 2011	Suppliers of goods and services are compliant with the six strands of equality, legislation and our corporate equality plan	Survey of providers carried out to ascertain if they comply with the above.	
Ongoing to 2010	Support local businesses	Provide tender training when required - Training sessions held six monthly	Ongoing
By Dec 2010	H & S is considered in our Procurement decisions	Review the process for feeding back Health & Safety issues on Suppliers and then documenting this process so it is available to all Council employees	
Environmental Actions			
By March 2011	Align this document with the Strategic Implementation Plan for Carbon Management (SIP)	Review this document when it is published and add any actions to this action plan if required.	This will be a shared responsibility with Carbon Reduction Commitment Team.
	Align this document with the Environmental Policy	Review this document when it is published and add any actions to this action plan if required.	This will be a shared responsibility with Carbon Reduction Commitment Team.

Value for Money Actions			
By April 2011	Deliver the P2P strategy	Project Lead to deliver key objectives of the P2P strategy : - Vendor Management – Nicola Allen Purchase Card CIVICA Integration – Kim Worthington Systems Re-Alignment – Kim Worthington Invoice Centralisation – Sharon Taylor Contract Standing Order Review - Nicola Allen Centralise Non-Contract Procurement – Maria Schingen	
By April 2011	Development of good Procurement practice - P2P	Deliver savings through streamlining the internal procurement procedures and processes by introducing “buyers” within departments	
By March 2011	Development of good Procurement practice	Develop a procurement competency model, which can be used by managers to identify training and development, needs of any staff procuring goods, services or works for the Council.	
By July 2010	Development of good Procurement practice – P2P	Review and initiate vendor management	
By Dec 2011	Development of good Procurement practice	Undertake Contract Management training and guidance available, which should include some guidance on Health and Safety	

By Dec 2010	Development of good Procurement practice	All standard procurement documentation reviewed and updated	
By June 2010	Development of good Procurement practice	Procurement Guidance document in place on the procurement process	With the Legal Department for Signature

Value for Money Actions		
Ongoing 2010-2011	Efficiencies	Monitor savings from the Corporate Contracts ensuring that they achieve 3% savings when placed
	Good procurement practice	Develop the system we use for the tendering process Look to use e-auctions where appropriate
Annually	Scrutiny of our department	The Head of Value for Money and Efficiencies will report progress against performance indicators and this strategy on an annual basis to the Resources and Performance Overview Scrutiny Panel.

Value for Money Actions continued		
Annually	Performance management in Procurement against National and Local Performance Indicators	<p>Measure our performance against the following Value for Money Indicators</p> <p><u>National</u> NI179 - Value for money – total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008-09 financial year</p> <p><u>Local</u> LIB245 - % of corporate spend aggregated through corporate framework agreements and corporate contracts LIB246 - % of corporate spend aggregated through collaboration with other public sector organisations LIB 250 - % of corporate spend placed with small and medium enterprises</p> <p><u>Internal</u> P1 - Total cost of the procurement function as a % of organisational spend P2 - % of Non Contract P3 - % of invoices that have purchase orders P4 - % of orders raised retrospectively (on or after the invoice receipt date) P5 – % of invoices received electronically P6 - % difference between committed and</p>

		<p>actual spend P7 - Invoice process cost – Process cost x total invoice volume P8 - Order process cost – Order cost x total order volume P9 - Total purchase to pay cost – Invoice plus order process cost x volume P10 - Volume or transactions through Purchase Cards and the @UK market place P11 – Satisfaction with the Corporate Procurement function</p>	
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Appendix 2 – Major Projects

Lead Manager	Lead Officer		£ '000 PA	Project Start Date	Project End Date
JK	NA/MS/	Delivery of P2P strategy: 1. Vendor Mgt 2. Buyer Roll Out 3. Contract Standing Order Review		Started	March 2011
NA	CW	SME engagement/Economical sustainability	Started	Ongoing
NA	RC/CW	Garage – Service Re-engineering		March 2010	March 2011
NA	CW	Sherford Transport Tender (TIE)	70,000	On Hold	TBA*
NA	MS	Agency	5,000	Aug-09	
NH	NH	Print and Document Services Rationalisation of Service		Started	Dec 2010

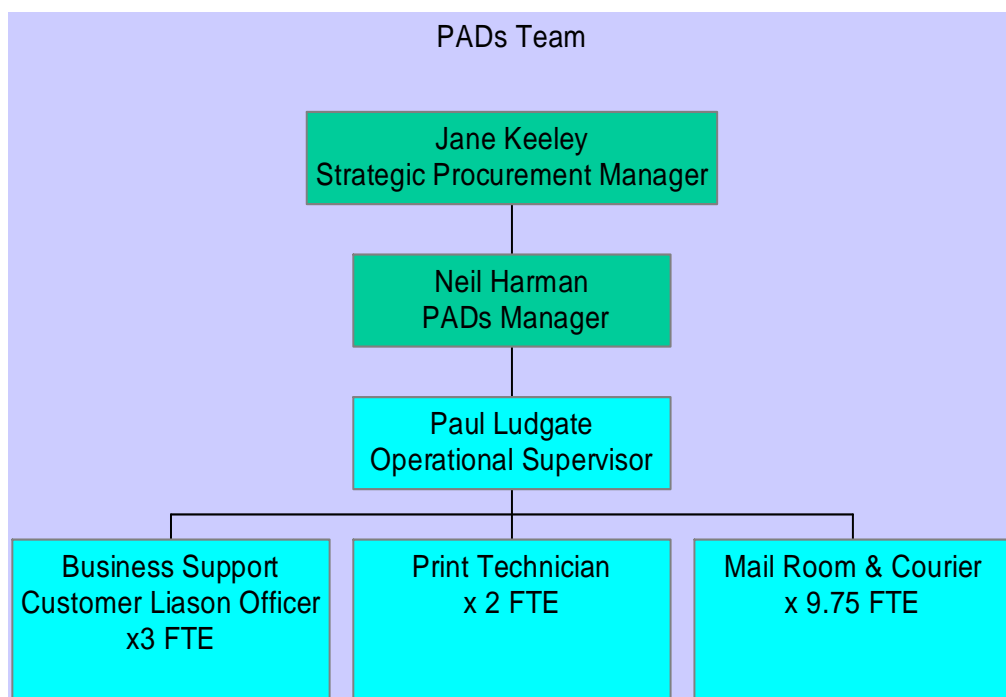
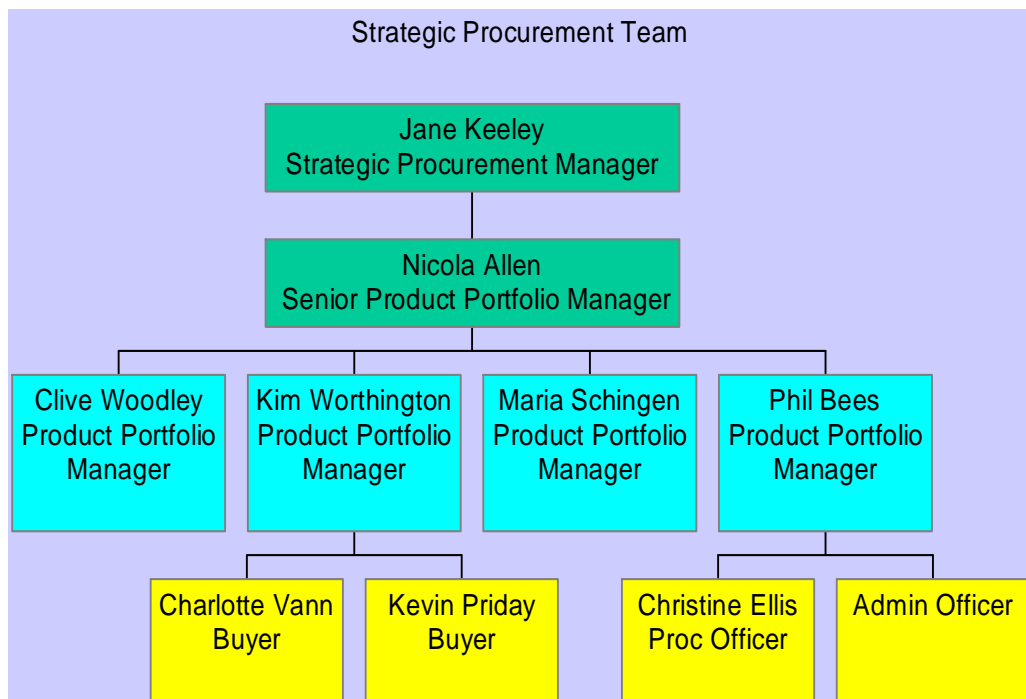
* Please Note this project is currently on hold due to external forces slowing the development of Sherford. Therefore, unless advised otherwise it will not be resourced this year.

The above list are the key projects that Strategic Procurement will be focussing on, there will be numerous other projects, however these have been resourced as a priority.

Appendix 3 – Structure

Structure - the SPU comprises two teams the PADs division is not responsible for procurement activity within the organisation.

Manager		FTE
Jane Keeley	Strategic Procurement Manager	8.2
Neil Harman	Print & Document Services (PADS)	15.75



Appendix 4

Where are we Now

The 2008/9 Business Plan incorporated a larger Department and included contracts teams within Adult Social Care and Projects and advised that the following major contracts with a value of approximately £25m per annum would be let by the Corporate and Adult teams. To date the following has been achieved: -

Leisure Management

The Leisure management project started in earnest in September 2008 with the Project Manager, Karen Grannum, in post and the project team formed. At the same time Staff and Trade Union consultation commenced.

The Project Board commenced in January 2009 with the first major decisions taken in early March. It is intended that the Contract will be awarded in May 2010 with a Contract commencement date of October 2010. This objective now sits within Corporate Support – Capital & Assets the lead officer is Karen Grannum.

Domiciliary Care

10000 hours per week of Domiciliary Care was tendered during 2008. The number of contracts was rationalised from 5 down to 4 to leverage economies of scale but still keeps choice in the market place for the service user.

The contracts which were all won by incumbent local providers are due to commence on the 1st April 2009. The 3 year contracts are forecasted to deliver £1.2 million savings over the life of the contracts.

Food Catering

The food for catering services was tendered during 2009 and 7 contracts were awarded to 4 suppliers for a period of 5 years (3+1+1) commencing on the 1st October 2009. The approach taken for the catering tender was to ensure smaller local food providers had the opportunity to compete for the work to enable locally grown and harvested food to be provisioned to Plymouth's Schools and Residential Units

Adult day support

The existing contracts for Older People and Older People with Learning Disabilities have been extended for a further three years under the exempt contract procedure where the relevant procurement rules, including the Council's Contract Standing Orders and EU legislation were considered.

Energy

Non Metered Electricity (Street Lighting)

In line with government good practice Plymouth City Council procure their street lighting from a Government approved central buying organisation (Laser) using a risk managed approach to energy procurement.

We have entered into a fixed price agreement for 6 months from 1st April 2010 to 30th September 2010 which is expected to yield savings of approx 15.6%, after which we will receive annual fixed prices based on an agreed risk managed energy portfolio.

Gas & Electricity

As part of a joint procurement with Devon County Council and Torbay Council under the auspices of the Devon Procurement Partnership a contract was awarded to Centrica (British Gas) for the supply of mains gas and electricity for a period of seven years (4+2+1) effective from 1st April 2009.

The method of procuring energy was sought where all costs excluding the wholesale energy price are agreed and fixed for the duration of the contract. Infrastructure and regulated costs are allowed to be passed through at cost and may therefore vary through the life-time of the contract.

The first year of the contract (July 09 – June 10) based on the volume used in 2008/9 achieved the following savings: -

Non Half Hourly Electricity – 29%

Half Hourly Electricity – 33%

Gas – 35%

We are currently in the process of purchasing energy for July 10 – March 11

Learning Disability Services

Procurement have undertaken a spend analysis, mapping service users and their hours against provider. A brokerage process for learning disabilities has been developed and is currently being trialled.

The Project Board are awaiting the finalised specifications for a Learning Disabilities supported living service. The intention is still to tender contracts when the specifications are complete but in the mean time potential new providers operating regionally and nationally have been sourced. As of April 1 2010 the Adult Social Contract team will be incorporated into the Commissioning section at Windsor House, therefore this objective will be captured within the Adult Social Care Business Plan.

The Procurement of the City's Waste Program

The South West Devon Waste Partnership received Nine PQQ's in December 2008. Eight potential bidders were short listed, Amey, Cespa, MVV, Umwelt, SITA, Shanks Waste Solutions, Urbaser SA, Veolia, Viridor and Waste Recycling Group.

ISOS was issued in February 2009 with the return date of the 24th April 2009, detailed solutions will be invited in July 2009. These plans will be developed in 2009 and final tenders will be invited in 2010, with the contract being awarded in the autumn of 2010. Due to Organisational restructures, this objective now sits within Corporate Support – Capital & Assets the lead officer is Martin Pollard.

A Review of Transport Services

There has been a delay in issuing this tender, however the OJEU notice was due to be released by the end of April 2009. Due to the economic downturn, the development of Sherford has not moved forward as anticipated, the relevant departments are now having open dialogue with potential suppliers, no procurement support is required at this time.

The Letting of the Strategic Partnership for Highways Services

This has now been let to Amey Plc.

The identified savings from the Corporate and Adult Social Care Teams during the three years of the 2004-07 strategy were £7.9m. Additionally the Transformational Change team identified cumulative savings of £13.3m to 2014/5. The schools PFI team restructure the scope and extent of the project in 2006/7 which resulted in a reduction in cost of £3.1m annually for the next 25 years.

Internal Survey

In May 2008 the corporate and adult social care services undertook an annual survey of its internal customers. The results were as follows: -

- 118 surveys were issued and we had a customer response rate of 41%.
- 61% of those who responded advised that they were very satisfied with the service provided.
- 35% were fairly satisfied
- 4% were neutral

Print & Document Services

A full options appraisal was carried out in April 2009, which resulted in a rationalisation of both staff and processes. To date and following consultation with the staff group and associated trade unions, we are in the process of imbedding the new infrastructure. This includes lease agreements in high volume digital print processes to facilitate a robust platform to undertake all local authority printing.

Rationalise MFD Usage in conjunction with ICT across the council

60% of the MFD's across the authority are supplied via the corporate contract with Océ UK Ltd with a further 20% transferring by the end of 2010. The remaining 20% will transfer from Ricoh to Océ by the end of 2011.

Achieve Financial Target

This was not achieved hence the options appraisal. However, in order to meet financial targets in the future PADS aims to -

- Replace 60% of the current print finishing equipment by July 2010 facilitating more processes and subsequently retaining previously externalised functions in-house.
- Review operations of postal routes to achieve efficiencies by May 2010. This includes the rationalisation of school courier routes.
- Reduce PADS floor space by 40%.